

# Quarterly Board Meeting March 8, 2006

## Defense Business Board

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### SUMMARY OF MEETING

March 8, 2006

The Defense Business Board (DBB) held its quarterly meeting on Wednesday March 8, 2006 in Room 2C554 (Conference Room #7) of the Pentagon.

In accordance with the provisions of Public Law 92-463, the public session was conducted from 9:30 AM to 10:15 PM. In addition, DBB members received background briefings and conducted an administrative session.

#### DBB members present:

Gus Pagonis, Chairman  
Michael Bayer, Vice Chairman  
Neil Albert  
Barbara Barrett  
Denis Bovin  
Herman Cain  
Fred Cook  
Henry Dreifus  
Bob Hale  
Madelyn Jennings  
Jim Kimsey  
John Madigan  
Bill Phillips  
Dov Zakheim

#### DBB Staff and guests also in attendance:

Kelly Van Niman, Executive Director  
Lynne Schneider, Deputy Director  
Ryan Bates, Staff Assistant  
Jeff Green, Office of General Counsel  
Mr. Atul Vashistha, CEO, neoIT  
Dr. Marietta Baba, Dean, College of Social Science, Michigan State University

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Dr. Chris Lamb, Professor, National Defense University  
Captain Bob Shea, Director, Decision Making and Implementation Faculty, US Naval War College

### Others present for all or portions of the meetings on 03/08/06:

Gordon England, Deputy Secretary of Defense\*  
Robert Earl, The Special Assistant to the Deputy Secretary of Defense\*  
Tom Kelly, Deputy Under Secretary of the Army  
Tina Jonas, Under Secretary of Defense (Comptroller)\*  
Dr. David Chu, Under Secretary of Defense (Personnel and Readiness)  
Tom Modly, Deputy Under Secretary of Defense (Financial Management)  
Jeff Steinhoff, Managing Director (Financial Management and Assurance), GAO  
Mike Dominguez, Assistant Secretary of the Air Force for Manpower and Reserve Affairs  
Patricia Bradshaw, Deputy Undersecretary of Defense for Civilian Personnel Policy  
David Walker, Comptroller General of the United States  
Michael Donley, Director, Administration and Management, Office of the Secretary of Defense

\*Only attended the sessions with the Deputy Secretary of Defense.

### DBB WORKING SESSION

Mr. Gus Pagonis (DBB Chairman) began the DBB's working session at 8:05 AM by welcoming the attending board members and the special guests.

From 8:05 AM to 8:20 AM, Mr. Jeff Green of the Office of General Counsel presented the annual ethics briefing to the DBB board members. Mr. Green discussed conflict of interest as well as how to document and record time spent on DBB business. Questions were asked by various board members and were answered satisfactorily by Mr. Green.

At 8:20 AM, Mr. Pagonis began discussing recommended task group topics. Topics discussed at length were Reducing Recruit/Fill Time in Civilian and Senior Executive Service, Chief Management Officer (CMO) Review, and Shaping and Utilizing the SES Corp.

Through discussion, the Board came to consensus on the following initial Task Group topics:

- Innovation and Cultural Change
- Shaping and Utilizing the SES Corps
- Governance- Alignment and Configuration of Business Activities
- Chief Management Officer (CMO) Review [Phase II of initial CMO Recommendations]
- Reducing Recruit/Fill time in Civilian and Senior Executive Service

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Ms. Van Niman (DBB Executive Director) then reviewed the agenda for the day.

Ms. Madelyn Jennings began a short briefing at 8:30 AM which provided discovery findings for the Shaping and Utilizing the SES Corp task group. Mr. Henry Dreifus followed Ms. Jennings' presentation with an update to the Healthcare for Military Retirees Report. Mr. Dreifus discussed his meetings with the Senate Armed Services Committee and the House Armed Services Committee.

### PUBLIC SESSION

#### **Update on Business Transformation Agency; Mr. Tom Modly, Deputy Undersecretary of Defense for Financial Management**

The Public Session of the DBB's March 8, 2006 meeting began at 9:30 AM with an update by Tom Modly regarding the Business Transformation Agency (BTA). Mr. Modly began his presentation with recent Government Accountability Office headlines regarding Department of Defense (DoD) business transformation. The headlines were used to illustrate the fact that important progress has been made in business transformation but that much work still remains. Mr. Modly highlighted the progress that has been made in business mission alignment, tiered accountability, the Enterprise Transition Plan (ETP), and milestone tracking in the ETP. However, the most important progress in Mr. Modly's opinion is in delivering business capabilities. Mr. Modly concluded his update by outlining the work that remains for the BTA including establishing a culture of continuous improvement, continuing to deliver on commitments in the ETP, closing remaining open issues in the Business Enterprise Architecture, building a culture of enterprise business excellence in the BTA, and building momentum.

The general feedback from the DBB Members was positive, and focused on the need to encourage SES to have greater interaction with and understanding of the BTA. Also, the Board felt it was crucial for the military and private industry to agree on a common language to better communicate.

### DBB WORKING SESSION, CONTINUED

#### **The Value of Good Governance; Atul Vashistha, CEO of neoIT**

Mr. Vashistha began his presentation on governance at 10:30 AM. The presentation began by defining governance and why it is critical to organizational success. Governance is the systems and processes used to meet your organizational objectives. Thus the person who leads Shared Services (what systems and processes are all about) must have the authority to make changes. Mr. Vashistha went on to explain that governance is often the missing link in offshoring success. Next, through a client example, organizational and operational governance were explained and led to the explanation of a governance model/framework. Mr. Vashistha concluded his presentation by

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explaining key governance roles and governance tools and how they are essential to a healthy governance model. Mr. Vashistha stressed the importance of putting incentives in place to ensure the continuation of transformation programs when leadership changes.

### DBB MEETING WITH DEPUTY SECRETARY ENGLAND

The Board met with Secretary England at 11:00 AM. Mr. England discussed the results of the Quadrennial Defense Review (QDR) and gave his perspective on the current issues facing the Department. Various Board members asked questions regarding the 2006 task group topics to gain Mr. England's advice on how to approach the task groups.

### DBB WORKING SESSION, CONTINUED

#### **Organizational Change Management: Transforming People, Organizations, and Culture; Dr. Marietta Baba, Dean, College of Social Science, Michigan State University**

Dr. Baba began her presentation to the Board at 1:15 PM by highlighting important transformational goals quoted in the 2005 Quadrennial Defense Review. To explain a macroeconomic view of change, Dr. Baba explained how the Techno-Economy of any society drives its institutional structure which in turn drives its culture. Cultural change is a dynamic and fluid process driven by information that people receive process and act upon. Leadership must recognize and address the fact that there will be different perceptions of the driving force/need for change. Dr. Baba then explained that organizational change management must address people, organizational structure, and culture to be effective. Completing a Risk and Resource Assessment for each change element (people, organization, culture) will provide a basis for an effective organization change management process. Dr. Baba then asserted that leadership must own the organizational change and use appropriate channels to communicate the change throughout the organization.

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### **Executive Summary- Defense Enterprise Planning and Management Report; Ms. Lynne Schneider, Deputy Director, Defense Business Board**

Beginning at 2:20 PM, Ms. Schneider provided an executive summary of a 1997 report entitled Defense Enterprise Planning and Management Report (DEPM). The DEPM report was a product of the Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence). Ms. Schneider explained the enterprise planning and management recommendations that the report offered and how they are still applicable to the Department today.

### **Quadrennial Defense Review (QDR) Discussion; Dr. Chris Lamb, National Defense University**

Dr. Lamb began his presentation on the QDR at 3:00 PM. Dr. Lamb his assessment of the current QDR and what weaknesses he felt had the greatest potential to be addressed and corrected. He stressed the need to define roles and responsibilities, and to establish rewards that would encourage true collaboration within the Department.

### ADJOURNMENT

The board meeting adjourned at 4:00 PM with each board member joined their respective task groups for a group working session.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

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William "Gus" Pagonis  
Chairman  
Defense Business Board